

IRS Requires Speedier Responses from Applicants for Non-Profit Status

Last month the Internal Revenue Service issued an internal memorandum for Exempt Organization Determination Employees which effectively changed IRS policy to give organizations applying for tax exempt status less time to submit additional information requested by the IRS for applications under review. Under the new procedures if an organization does not provide the information by the due date (28 days from date Notice is mailed to the applicant), the case will be closed and fees will not be refunded. A manager-approved extension of up to 14 days can be granted. Previously, an applicant could get a standard 14-day extension and then its file was held for an additional 90 days before it was closed.

This is an important change. One designed more to help the IRS reach its goal of significantly shorting the overall timeframe for processing exemption applications than to assist applicants. In shorting the process by 90 days and giving applicants less time to respond to inquiries, it means extra care will need to be taken up front to ensure a complete and accurate application is submitted.

We recommend enlisting the assistance of a qualified expert (i.e. CPA, attorney, professional consultant, etc.) experienced in this area to help prepare and file application documents to ensure your ministry receives its tax exemptions quickly and without delay.

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